

**FORESTRY SECTOR : QUESTION #8**

**Background:**

The Softwood lumber dispute between the United States and Canada settled through the Memorandum of Understanding set forth provisions for the voluntary imposition of an export tax of Canadian softwood lumber until the producing provinces had adjusted certain stumpage practices. This Memorandum was grandfathered over to the Free Trade Agreement of 1987, under Article 2009. There have been parallel to examine the necessity of the M.O.U., however, the outcome of these discussions are not contingent upon the success of the NAFTA negotiations.

**RESPONSE:**

- WITH RESPECT TO POSSIBLY CHANGING THE MEMORANDUM OF UNDERSTANDING OF SOFT WOOD LUMBER, IT IS CONSIDERED TO BE A "STAND ALONE" BILATERAL ISSUE THAT WILL NOT BE NEGOTIATED UNDER NAFTA.